



Council Policy

Risk Appetite Statement

Version 1 - 25 March 2024

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Introduction

Lake Macquarie City Council recognises that robust risk management practices create and protect value and are an integral part of Council's business activities, functions and processes to ensure Council meets its responsibilities and objectives in serving our community.

Purpose

This Risk Appetite Statement sets the tone for risk management and implementation of a risk management framework that provides the foundations and organisational arrangements for designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation.

Scope

This policy applies to all activities and areas of Council.

Policy statement

Council is committed to embedding a strategic, consistent and structured enterprise-wide approach to risk management that aligns with ISO 31000:2018 Risk Management – Guidelines.

Effective risk management enables Council to realise its vision and strategic outcomes by increasing awareness of potential threats, maximising opportunities and managing uncertainty in a dynamic environment.

Council's Enterprise Risk Management (ERM) framework supports this policy through the application of principles to identify, treat, monitor, review and report risks across all of its operations.

Risk appetite statement

Council is committed to delivering high quality services for the Lake Macquarie community and considers risk as an integral part of decision making consistent with its functions and responsibilities under the *Local Government Act 1993*.

Risk appetite is an expression of the type and amount of risk Council is prepared to take in delivery of its strategies. It promotes consistent, 'risk-informed' decision-making aligned with strategic aims, supports robust corporate governance by setting clear risk-taking boundaries, and forms part of Council's control framework to ensure we deliver on our promises to the community.

Council's risk appetite is contained in the following principles:

- Council is open to measured risk taking to pursue opportunities that benefit the community and informed decision-making practices. Council encourages an optimal risk-taking approach having regard to the circumstances in which decisions are made.
- Council is conservative in managing its financial position for long term sustainability and promoting its reputation through transparent and open transactions with the community, staff and other stakeholders.
- Council is open to explore innovative activities in seeking to position economic and social outcomes for our community, while protecting our environment and managing the long-term impacts of climate change.
- Council is conservative to protect the information we collect and hold and uphold our requirement to operate within a regulated environment.
- Council has no appetite for behaviours around serious wrongdoing such as fraud, corruption or unsafe activities that can harm people.

Council's risk appetite is operationalised by the CEO, Executive and Organisation Leadership Team to ensure appropriate coverage across top level risks and embedded into business plans.

Review and evaluation

This policy will be subject to continuous review and improvement processes aligned with ISO 31000:2018 Risk Management – Guidelines and associated support references.

The CEO and Executive Manager Integrity and Risk may approve non-significant and/or minor editorial amendments to this document that do not change the policy substance.

Controlled Document Information

Authorisation Details

Folder No:	F2021/00553	TRIM Record No:	D11065917
Audience:	External - All Staff		
Department:	CEO's office	Officer:	Executive Manager Integrity and Risk - Martene Archer
Key focus area(s):	Shared Decision Making - Enterprise risk management, Risk Appetite		
Review Timeframe: Max < 4 years	4 years	Next Scheduled Review Date:	25 March 2028
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Related Document Information, Standards & References

Related Legislation:	(Legislation Name)	(Relationship/Context)
Related Policies:	(Policy Name) Council is committed to the implementation of effective risk management practice across all its activities. Therefore, this policy relates to all of Council's policies, procedures and practices.	(Relationship/Context)
Related Procedures, Guidelines, Forms, WHS Modules/PCD's, Risk Assessments, Work Method Statements:	(Document Name) Enterprise Risk Management Framework Fraud and Corruption Control Strategy Audit Risk and Improvement Committee Terms of Reference Risk Management Advisory Committee Terms of Reference	(Relationship/Context)
Standards, COP's & Other References	(Standard, COP or Other References) ISO 31000:2018 Risk Management – Guidelines ISO Guide 73:2009 Risk Management - Vocabulary Office of Local Government Guidelines	(Relationship/Context)

Definitions

Term / Abbreviation	Definition
Actions	mitigations planned to be taken to reduce the likelihood or negative consequence or both associated with risk.
Australian Standard for Risk Management	means the AS/NZS ISO 31000:2018 Risk management - Guidelines.
CEO	means Chief Executive Officer of Lake Macquarie City Council and includes their delegate or authorised representative. References to the CEO are references to the General Manager appointed under the Local Government Act 1993 (NSW).
ERM Framework	set of components that provide the foundations and organisational arrangements for

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Policy - external Risk Appetite Statement

	designing, implementing, monitoring, reviewing and continually improving risk management throughout the organisation. (ISO Guide 73:2009 Risk Management - Vocabulary)
IP&R	the Integrated Planning and Reporting Framework is a suite of integrated plans that set out a vision and goals and strategic actions to achieve them. It involves a reporting structure to communicate progress to council and the community as well as a structured timeline for review to ensure the goals and actions remain relevant. (Office of Local Government)
Organisational resilience	the ability of an organisation to absorb and adapt in a changing environment. (ISO 22300:2021 – Security and Resilience – Vocabulary)
Risk	effect of uncertainty on objectives (an effect is a deviation from the expected, it can be positive, negative or both and can address, create or result in opportunities and threats). (ISO 31000:2018 Risk Management – Guidelines)
Risk appetite	the amount and type of risk that an organisation is prepared to pursue, retain or take. (ISO 31000:2018 Risk Management - Guidelines)
Risk management	coordinated activities to direct and control an organisation with regard to risk. (ISO 31000:2018 Risk Management – Guidelines)

Consultation (update for each version created)

Key Departments, Teams, Positions, Meetings:	Audit, Risk and Improvement Committee, Executive, Risk Management Advisory Committee, Integrity and Risk Team, Senior Leadership Network
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Version History

Version No	Date Changed	Modified By	Details and Comments
1	13 March 2024	Martene Archer	New policy